ROCKY AND N.Y. TIMES GIVE MARCHING ORDERS TO CITIES; GUT NYC BOND MARKET

NEW YORK, N.Y., Nov. 29 (IPS)--New York Times scare coverage of the New York City budget crisis has sabotaged the city's ability to borrow through the bond market, a city official admitted today. Through the Nov. 25 Times front-page article, "Experts Fear Growth in Costly City Debt," the Chase Manhattan Bank of David Rockefeller has delivered an ultimatum to the Beame administration and other cash-strapped city governments: enforce mass layoffs and cutbacks in essential services or face bankruptcy.

According to a brokerage house spokesman, the Times publicity was instrumental in discouraging investors from buying the city's latest bond issue, causing prices to plummet. An official at the City Comptroller's office has now confirmed this story. By cutting off further lending, the city's major bondholder, Chase, has backed the city into a corner where it can force further cutbacks beyond the 1,510 layoffs already announced by Mayor Beame.

Follow Rocky's Orders

The New York Times article became explicit when it referred to the notorious Bankers Agreement of 1932: "The banks then agreed to bail New York out, but only if the Mayor took marching orders from the banks and cut the budget drastically. The city followed where the banks led."

Today's IPS interview with the spokesman for the City Comptroller's office revealed that the city already is "taking its marching orders." Concerning the Times coverage and its depressing effect on city bond sales, Mayor Beame and Comptroller Harrison Goldin reportedly have sent a letter of protest. However, the source then blurted out, "It is true that the banks have tremendous muscle....Issuing an ultimatum has been openly talked about....This is why Goldin is seeking budgetary reforms....We'd be blind not to see what has to be done. We're being told what has to be done--not in so many words--by the market and by the financial community." He added that Goldin is "in almost constant contact with the financial community."

THE SHAH TAKES OVER EXIMBANK

WASHINGTON, D.C., Nov. 29 (IPS)--Sources at the Export-Import Bank of the United States (Eximbank) said today that an "Arab guarantee" on U.S. exports will replace the Eximbank's own guarantee on the credit of importers of U.S. goods.

Because the Eximbank is running out of funds, sources said "an agreement of some kind will be worked out" to permit the

Arab oil countries to underwrite export credits from U.S. manufacturers.

At the moment, sources added, the Eximbank is, in effect, under the direct control of Treasury Secretary William Simon.

Since its founding 40 years ago, the Eximbank has devoted a large part of its funds to providing interest-rate subsidies for loans to the Soviet Union and other East bloc countries, to enable them to purchase U.S. goods. But Simon canned this long-standing policy last September, with an agreement to ban all state subsidies for trade deals between "developed" countries that involve loans of more than three years. According to Treasury sources, the Soviet Union is considered a developed country.

In recent trade deals, the Soviets have been compelled to accept high-interest loans for the purchase of Western goods, as a result of Simon's ban on state subsidies of trade credit.

The Eximbank's proposed "Arab guarantee" for trade financing is identical, in principle, to an offer made to the Soviets at a top level meeting on East-West trade last week in Vienna. Three Western representatives told the Russians that because of a "world capital shortage," future large-scale financing of East-West trade would have to come from the oil sheikhs, Eximbank sources said.

Privately, the Soviets have already accepted Mideast trade financing--"laundered" through Austrian and British banks, as IPS reported Nov. 16.

The aim of these proposals is to compel the Soviet Union and its allies to place increasing portions of their economic resources in hock to the Rockefeller-controlled banks and multinational corporations, directly or through the puppet oil sheikhdoms.

TRADE UNION LEADER ADVOCATES CONVERSION OF AUTO INDUSTRY TO SERVE ROCKY'S REDEVELOPMENT

Nov. 29 (IPS)--Philip Sims, Consumer Affairs Director for the Detroit Trade Union Leadership Council (TULC), has announced his ideas on how to convert the empty auto assembly plants in the Detroit area into use-value for Rockefeller's world restructuring. Convert all the auto industry into the manufacture of road building and farm equipment, he says, to be used abroad in Rockefeller's "new" development projects. Sims cited as an example Nigeria where $5 billion is earmarked for building roads, $8.5 for industry and over $4.5 billion for "other" development projects.